

In order that the citizens of Iowa have a complete and factual record, The Iowa State County Treasurers Association (ISCTA) wishes to clarify inaccurate and incomplete statements made by Bert Dalmer. (\$500,000 windfall splits Iowa treasurers - August 30, 2006).

The ISCTA has established a process by which Iowa citizens can pay their property taxes on line with a credit card or e-check. Funds go into a clearing account and are then routed out to the appropriate county. This is a unique and award-winning system that has received national attention.

The Register's article suggests that there was a dispute between Polk County and the ISCTA under which ISCTA wanted to keep interest income from this program and Polk County wanted to distribute it among the 99 counties. The opposite is true. Polk County intended to keep over \$600,000 of interest earnings that belonged to the citizens of all 99 counties until an ISCTA task force submitted a report on June 26 questioning the legality of Polk's intended actions. To say or imply otherwise is simply a misrepresentation of the facts.

Under this program, Polk County owned the clearing account for the benefit of all counties. At the request of Polk County in July 2004 the clearing account was changed to allow for a daily sweep into an interest-bearing account held by Polk County. Polk asked each of the other 98 counties to sign an agreement acknowledging that *"... the modification would result in minor interest earnings to help offset management costs of the account by Polk County."*

It should be noted that Polk County's ownership of the account was always considered a temporary work-around to gain public funds protection from the State Sinking Fund. We were advised by legal counsel that an account owned by ISCTA would not enjoy State

Sinking Fund protection. Now that an acceptable alternative has been created giving all counties joint ownership and control while ensuring the safety of public funds, changing account ownership at this time is simply fulfilling an original goal.

The amount of interest earned in this account is \$612,232.93 (through June 2006). Until July 12, 2006, Polk County's position was that all of this interest belonged to Polk County as compensation for managing the account, although it was not able to provide a full accounting of its expenses. ISCTA raised the issue that the interest belonged to all the counties and not just Polk. The goal of the ISCTA was to determine the required disposition of the interest income. It was not opposed to the refund of this interest or, if legal, the use of a portion of the interest to enhance the web site to provide better and more efficient service to Iowans. It was, however, opposed to Polk County's position that the entire amount belonged to Polk County as its fee for services.

On July 12, 2006, Polk County, without notice, abruptly refunded \$507,534.71 to the 98 counties and held back \$104,698.22 for "treasury management costs". A letter from Mary Maloney accompanying the refund checks said: *"Our current contract does not require me to account for our cost of managing the Polk County Treasurers Internet Clearing Account (PCTICA) nor does it require a distribution of any excess interest over cost."* On the same day, Polk County reversed its position that all interest belonged to Polk County and took the new position that the interest should be refunded to the counties. The objection of the ISCTA to this action is that Mary Maloney acted unilaterally with no input from the other counties and only minimal documentation to support her decision to withhold \$104,698.22. Furthermore Polk Co has never explained why it did not assume a share of these costs and instead

passed the full \$104,698.22 on to the other 98 counties.

This course of events has underscored the need for a management process that is controlled by the counties collectively, is properly documented and completely transparent. That is the goal behind the changes being implemented by the ISCTA and, to date, 89 of the 99 county treasurers have endorsed this move. The previous structure placed disproportionate risk and control in one county and readers can see the results. We hope Polk County residents are aware they continue to underwrite the risk of all 10 counties using the Polk County account.

The Register's article suggests that this dispute resulted in Polk County being removed as manager of the ISCTA web site. Polk County's role was owner of the bank account for the benefit of ISCTA. Mary Maloney never had any policy-making authority over the website. It is and has always been owned and controlled by the ISCTA.

The ISCTA believes the interest of Iowa citizens is best served by one ISCTA Website. The service is better, consistent and avoids duplication of cost. Polk County and nine other counties have made a conscious decision to leave the ISCTA Website and create a second website that will be exactly the same except that Polk County will continue to own and control the clearing account.

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